

FISCAL NOTE

SB 2671

March 19, 2004

SUMMARY OF BILL: Revises contractor liability limitations. Under current law, contractor liability for service contracts is a minimum of two times the value of the contract. According to the provisions of this bill, contractor liability would be reduced to the direct damages recoverable under law, not to exceed two times the value of the contract. The bill also expands the power of the Commissioner of the Department of Finance and Administration to negotiate lower limitations of liability.

ESTIMATED FISCAL IMPACT:


Other Fiscal Impact - Reduces potential recovery by the state and increases the potential liability of the state by an amount estimated to exceed \$2,500,000.

Estimate assumes:

- In FY02-03, the Department of Finance and Administration issued 290 *fee for service contracts* for over \$288,000,000, an average of over \$993,000 per contract.
- Failure of a contractor could result in multi-million dollar losses to the state and expose the state to claims by injured third parties.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director